

NET PROFIT LICENSE FEE INSTRUCTIONS

General

Any individual, partnership, association, corporation, (Sub-S corporations may file from information provided on schedule S or K-1 for individuals), fiduciary or other entity engaged in the operation of any business, profession or enterprise in Ohio County, Kentucky is subject to an annual one (1) percent net profits tax (**maximum net profit taxed is \$1,000,000; minimum net profit taxed is \$1,000**) derived from business, profession or other income earned in Ohio County under ordinance #95-4.

Who Should Pay

The Net Profits License Fee Return is to be filed by any entity having receipts and/or payroll in Ohio County. The return shall be filed by any individual earning wages in Ohio County which did not have 1% of their wage withheld by an employer. Other subject income includes 1099 misc., rental of real estate and receipts from farm operations (crops, livestock, rent, leases, royalties, USDA, timber, etc.). Each individual schedule (ie., Schedule C, E, F or Form 4835) shall be reported separately for Ohio County Net Profit Fee purposes.

Accounting

The law and regulations of Internal Revenue code pertaining to methods of accounting for federal income tax shall be applicable to the methods of accounting allowed by Ohio County. The licensee's income shall be computed for Ohio County license fee purposes on the basis of the same calendar year or fiscal year required by the federal government. Where a "cash basis", "accrual basis", "long term contract basis" or some hybrid method is used for filing federal income tax returns, the same method must be used in reporting the income for the Ohio County Net Profit License Return purposes.

Extension Request

If an extension of time for filing is necessary, please send a copy of your federal extension request (either by mail or fax) along with a copy of this return for proper posting to your account. **Estimated payments will be accepted with your request. Penalty and interest will be assessed on any amount due when the Net Profit Return is filed.**

Line by Line Instructions - Section A

Line 1. Enter the NET Business Income from the Federal Tax Return.

Line 2. Enter the sum of items not deductible from **Line F** of **SECTION B** below.

Line 3. Add Lines 1 and 2.

Line 4. Enter the sum of items not subject from **Line L** of **SECTION B** below.

Line 5. Subtract Line 4 from Line 3.

Line 6. Enter the Average Percentage from **Line D** of **SECTION C** below if a portion of the income is earned outside of Ohio County.

Line 7. Enter product of Lines 5 and 6 or enter amount from Line 5 (whichever applies).

Line 8. Enter one (1) percent of Line 7.

Line 9. Ten (10) percent penalty of Line 8 will be assessed if payment not mailed by due date.

Line 10. Interest at eight (8) percent per annum will be assessed of Lines 8 plus 9 if payment not mailed by due date.

Line 11. Add lines 8, 9 and 10.

Line 12. Enter the estimated tax paid with extension request.

Line 13. Enter one (1) percent of **Farm Labor** (line 24 of Schedule F) if not paid quarterly.

Line 14. Enter the sum of Lines 11 thru 13.

Line 15. Enter amount of credit due if estimated tax was overpaid.

Net Profits License Fee Returns should be taken to your professional tax preparer to be completed with federal and state returns. All local firms have extra forms for their clients. If you do not use a professional tax preparer or are not required to file a federal or state return, you may request an Ohio County staff person to complete your return from your information. Please call so we can advise you of the income and expense information you will need to bring with you. Our office is located in the basement of the Community Center.